

Annual Financial Statements

for

ULUNDI LOCAL MUNICIPALITY

for the year ended 30 June: **2011**

Province:

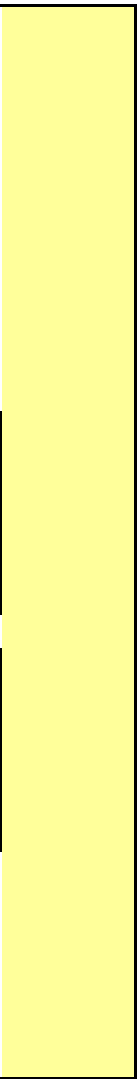
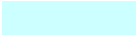
KwaZulu Natal

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Municipal Manager:	Ms S A Buthelezi
Name of Chief Financial Officer:	Mr. JH Mhlongo
Contact telephone number:	035-8745100
Contact e-mail address:	hlongo@ulundi.co.za
Name of contact at provincial treasury:	Leneo Mofaka
Contact telephone number:	033 897 4423
Contact e-mail address:	LENEO MOFOKA [LENEO.MOFOKA@kzntreasury.gov.za]
Name of relevant Auditor:	Mthoko Ndumo
Contact telephone number:	033-2647400
Contact e-mail address:	mthokon@agsa.co.za
Name of contact at National Treasury:	Mkhululeni Dlamini
Contact telephone number:	012 315 5328
Contact e-mail address:	Mkhululeni.Dlamini@treasury.gov.za



ULUNDI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

General information

Members of the Council

	Mayor
	Speaker
	Member of the Executive Committee
	Member of the Executive Committee
	Member
	Member
	<i>(insert rows if necessary)</i>

Municipal Manager

--

Chief Financial Officer

--

Grading of Local Authority

--

Auditors

Auditor-General

Bankers

--

ULUNDI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

General information (continued)

Registered Office:

Physical address:

Postal address:

Telephone number:

Fax number:

E-mail address:

ULUNDI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages x to x, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager:

DATE

ULUNDI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

Index	Page
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Accounting Policies	9-19
Notes to the Annual Financial Statements	20-52
Appendix A: Schedule of External Loans	53
Appendix B: Analysis of Property, Plant and Equipment	54-57
Appendix C: Segmental Analysis of Property, Plant and Equipment	58
Appendix D: Segmental Statement of Financial Performance	59

ULUNDI LOCAL MUNICIPALITY			
Annual Financial Statements			
STATEMENT OF FINANCIAL POSITION			
as at 30 June 2011			
	Note	2011 R	2010 R
ASSETS			
Current assets			
Cash and cash equivalents	1	497 667	2 613 996
Trade and other receivables from exchange transactions	2	72 039 328	66 887 571
Other receivables from non-exchange transactions	3	7 682 267	872 285
Other current financial assets	4	-	-
Inventories	5	1 281 200	1 051 233
Prepayments	6	279 244	290 825
Investments	7	140 000	140 000
Current portion of receivables	8	35 572	35 572
VAT receivable	18	3 368 742	727 215
Construction contracts and receivables	9	-	-
Non-current assets held for sale	15	-	-
Non-current assets			
Non-current receivables	8	-	-
Investments	10	-	-
Other non-current financial assets	4	-	-
Property, plant and equipment	11	469 608 873	499 877 707
Intangible assets	12	-	-
Investment property carried at cost	13	244 449 000	244 449 000
Investment property carried at fair value	13	-	-
Biological assets	14	-	-
Defined benefit plan asset	52	-	-
Correction of error (illustrative purposes only)			
Total assets		799 381 893	816 945 404
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	16	44 268 444	18 599 290
Consumer deposits	17	1 369 288	1 259 888
VAT payable	18	-	-
Taxes and transfers payable (non-exchange)	19	-	-
Current provisions	20	635 408	360 356
Bank overdraft	1	-	99 596
Current portion of unspent conditional grants and receipts	21	5 216 037	9 421 515
Current portion of borrowings	22	-	-
Current portion of finance lease liability	23	-	-
Other current financial liabilities	24	-	-
Non-current liabilities			
Non-current unspent conditional grants and receipts	21	-	-
Non-current borrowings	22	540 420	540 420
Non-current finance lease liability	23	-	-
Other non-current financial liabilities	24	-	-
Non-current provisions	25	-	-
Defined benefit plan obligations	53	-	-
Total liabilities		52 029 597	30 281 065
Net assets		747 352 296	786 664 339
NET ASSETS			
Reserves		338 096 075	398 565 134
Accumulated surplus / (deficit)		409 256 221	388 103 006
Total net assets		747 352 296	786 668 140

ULUNDI LOCAL MUNICIPALITY
Annual Financial Statements
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2011

	Note	2011 R	2010 R
Revenue			
Property rates	26	18 543 920	12 504 995
Property rates - penalties imposed and collection charges	26	7 865 654	7 366 746
Service charges	27	38 270 543	30 445 556
Rental of facilities and equipment	28	385 515	410 285
Interest earned - external investments	29	413 739	646 593
Interest earned - outstanding receivables	30	-	-
Fines		678 249	708 470
Licences and permits		1 638 240	934 946
Government grants and subsidies	31	91 143 172	69 313 018
Public contributions and donations	32	-	-
Other income	32	3 730 761	3 672 639
Total revenue		162 669 793	126 003 248
Expenses			
Employee related costs	33	50 597 768	42 013 024
Remuneration of councillors	34	9 080 984	9 591 260
Bad debts		-	59 370
Provision for Bad Debts			8 123 260
Depreciation and amortisation expense	35	68 511 173	27 530 242
Repairs and maintenance		5 774 136	3 102 386
Finance costs	36	37 903	7 895
Bulk purchases	37	33 906 123	24 594 884
Contracted services	38	16 503 251	10 800 476
Grants and subsidies paid	39	-	-
General expenses	40	18 933 967	15 056 022
Total expenses		203 345 305	140 878 819
Gain / (loss) on sale of assets	41	509 642	2 170 555
Change in Accounting Estimate	42	-	38 430 280
Profit / (loss) on fair value adjustment	43	-	225 298 800
Inventories: (Write-down) / reversal of write-down to net realisable value	5		
Surplus / (deficit) for the period		(40 165 870)	251 024 064

ULUNDI LOCAL MUNICIPALITY
Annual Financial Statements
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2011

	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
Note	R	R	R	R	R
Balance at 30 June 2009			-	-	-
Changes in accounting policy	47				-
Correction of prior period error	48			-	-
Restated balance	-	-	-	-	-
Surplus / (deficit) on revaluation of property of property, plant and equipment					-
<i>Other items</i>					-
<i>Other items</i>					-
Net gains and losses not recognised in the statement of financial performance					-
Transfers to / from accumulated surplus/(deficit)					
Surplus / (deficit) for the period					
Balance at 30 June 2010	398 565 134	-	-	388 103 008	786 668 142
Prior period VAT adjustment				(339 283)	(339 283)
Restated balance	398 565 134	-	-	387 763 725	387 763 725
Surplus / (deficit) on revaluation of property of property, plant and equipment					-
<i>Transfer Depreciation on revalued assets</i>	(60 469 060)			60 469 060	60 469 060
<i>Other items</i>					-
Net gains and losses not recognised in the statement of financial performance					-
Transfers to / from accumulated surplus/(deficit)					-
Surplus / (deficit) for the period				(40 165 870)	(40 165 870)
Balance at 30 June 2011	338 096 074	-	-	408 066 915	408 066 915

ULUNDI LOCAL MUNICIPALITY Annual Financial Statements CASH FLOW STATEMENT as at 30 June 2011			
	Note	2011 R	2010 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers		147 664 369	118 405 374
Cash paid to suppliers and employees		113 626 750	107 002 445
		34 037 619	11 402 929
Interest received		413 739	646 593
Interest paid		(37 903)	(7 895)
Net cash flows from operating activities	44	34 413 455	12 041 627
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		(37 049 231)	(22 386 403)
Proceeds from sale of fixed assets		509 642	2 170 555
Proceeds from sale of investments			
Purchase of intangibles			
Decrease/(Increase) in Loans and receivables			
Net cash flows from investing activities		(36 539 589)	(20 215 848)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans raises/ (repaid)			540 420
Increase/(decrease) in consumer deposits		109 400	(12 352)
Increase/(decrease) in bank overdraft		(99 596)	99 596
Repayment of finance lease liability			
Net cash flows from financing activities		9 804	627 664
Net increase / (decrease) in net cash and cash equivalents		(2 116 330)	(7 546 557)
Net cash and cash equivalents at beginning of period		2 613 997	10 160 554
Net cash and cash equivalents at end of period	45	497 667	2 613 997

ULUNDI LOCAL MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2011

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET

1.5 EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 8 Interest in Joint Ventures - issued August 2006
GRAP 18 Segment Reporting - issued March 2005
GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
GRAP 103 Heritage Assets - issued July 2008

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

IAS 19 Employee Benefits - effective 1 January 2009
IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009
Other
Other

Nature of impending changes in accounting policy:

Impact on the municipality's financial statements once implemented:

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

2.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets *[or state other method used, e.g. production-unit- or diminishing balance method]*. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure

Roads and Paving
Pedestrian Malls
Electricity
Water
Sewerage

Community

Buildings
Recreational Facilities
Security
Halls
Libraries
Parks and gardens
Other assets

Heritage assets

Buildings
Paintings and artifacts

Finance lease assets

Office equipment
Other assets

Other

Buildings
Specialist vehicles
Other vehicles
Office equipment
Furniture and fittings
Watercraft
Bins and containers
Specialised plant and equipment
Other items of plant and equipment
Landfill sites
Quarries
Emergency equipment
Computer equipment
Other
Other
Other
Other

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Investment property

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

5 BIOLOGICAL ASSETS

5.1 INITIAL RECOGNITION

A biological asset or agricultural produce is recognised when, and only when:

- the municipality controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the municipality;
- and the fair value or cost of the asset can be measured reliably.

5.2 SUBSEQUENT MEASUREMENT

Biological assets are measured at their fair value less estimated point-of-sale costs.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

The fair value of milk is determined based on market prices in the local area.

The fair value of the vine / pine plantations is based on the combined fair value of the land and the vines / pine trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the vines / pine trees.

A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate is used to determine fair value.

An unconditional government grant related to a biological asset measured at its fair value less estimated point-of-sale costs is recognised as income when the government grant becomes receivable.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on biological assets where fair value cannot be determined, to write down the cost, less residual value. The annual depreciation rates are based on the following estimated average asset lives:

Biological assets	%
Trees in plantation	
Maize	
Wheat	
Sheep	
Pigs	
Dairy Cattle	
Other Assets	

6 NON-CURRENT ASSETS HELD FOR SALE

6.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

6.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

7 INVENTORIES

7.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

7.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method OR the weighted average method.

8 FINANCIAL INSTRUMENTS

8.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

8.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

8.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

8.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

8.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

9 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The municipality exercises judgement in the context of all available information to determine if it has significant influence over an investee.

The equity method involves recognising the investment initially at cost, then adjusting for any change in the investor's share of net assets of the associate since it acquired it. A single line-item in the Statement of Financial Performance presents the investor's share of the associate's surplus or deficit for the year.

The municipality commences accounting for an investment in an associate from the date that significant influence exists and discontinues the application of the equity method when it no longer has significant influence over an associate. Investments that are retained in whole or in part are subsequently accounted for in accordance with the accounting policies on subsidiaries, joint ventures or financial instruments depending on the nature of the retained investment.

The municipality uses the most recent available financial statements of the associate in applying the equity method. Where the reporting periods of the associate and the municipality are different, separate financial statements for the same period are prepared by the associate unless it is impracticable to do so. When the reporting dates are different, the municipality makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the municipality.

10 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- | | |
|---|------------|
| | (a) The |
| municipality has a detailed formal plan for the restructuring identifying at least: | - the |
| business or part of a business concerned; | - the |
| principal locations affected; | - the |
| location, function, and approximate number of employees who will be compensated for terminating their services; | - the |
| expenditures that will be undertaken; and | - when the |
| plan will be implemented; and | |

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

14 LEASES

14.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

14.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

15 REVENUE

15.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. [The estimates of consumption between meter readings are based on.....](#)

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

15.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

15.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

16 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

17 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. [The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.](#)

Insert defined contribution plan information here

Insert defined benefit plan information here.

18 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by *[the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs OR surveys of work done OR completion of a physical proportion of the contract work]*.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

19 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		1 000	1 000
Cash at bank		362 139	9 650
Call deposits		134 528	2 603 346
		<u>497 667</u>	<u>2 613 996</u>
Bank overdraft included in above			-
		<u>497 667</u>	<u>2 613 996</u>
The Municipality has the following bank accounts: -			
<u>Current Account (Primary Bank Account)</u>			
First National Bank - Ulundi: 62035267609			
Cash book balance at beginning of year		(99 596)	1 432 659
Cash book balance at end of year		<u>352 166</u>	<u>(99 596)</u>
Bank statement balance at beginning of year		800 993	3 226 898
Bank statement balance at end of year		<u>324 211</u>	<u>800 993</u>
<u>Current Account (Other Account)</u>			
First National Bank - Westville Branch: 6208925531			
Cash book balance at beginning of year			-
Cash book balance at end of year		8 383	-
Bank statement balance at beginning of year			-
Bank statement balance at end of year		8 383	-
This account was opened to administer receipts and payments for housing projects			
<u>Current Account (Salaries)</u>			
First National Bank - Orange Branch: 02000007040			
Cash book balance at beginning of year		9 650	2 500
Cash book balance at end of year		<u>1 590</u>	<u>9 650</u>
Bank statement balance at beginning of year		9 650	2 500
Bank statement balance at end of year		<u>1 590</u>	<u>9 650</u>
<u>Credit Card account (Petrol purchases)</u>			
First National Bank - 8812710030007004			-
Short term deposits			
Deposits on call with banks		134 528	2 603 346
<u>Cash on hand</u>		1 000	1 000
Total cash and cash equivalents		<u>497 667</u>	<u>2 613 996</u>
Total bank overdraft			<u>(99 596)</u>
Unutilised Conditional Grants must be ring fenced and separately invested. This was not implemented and amounts invested at year end were insufficient to cover the value of unspent conditional grants , as indicated hereunder:			
Unutilised Conditional Grants		5 216 037	9 421 514
Amounts invested		274 528	2 603 346
Shortfall		<u>4 941 509</u>	<u>6 818 168</u>

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS			
<u>Trade receivables</u>	Gross Balances	Provision for Doubtful Debts	Net Balance
as at 30 June 2011	R	R	R
Service debtors			
Service debtors	16 584 993	18 401 657	(1 816 664)
Rates	69 058 393	-	69 058 393
Electricity	14 348 083	10 090 933	4 257 150
Other	5 559 586	5 019 137	540 449
Total	105 551 055	33 511 727	72 039 328
<u>Other receivables</u>			-
<u>Other receivables</u>	-	-	-
Total Trade and other receivables	105 551 055	33 511 727	72 039 328
as at 30 June 2010			
Service debtors			
Service debtors	17 845 887	18 401 657	(555 770)
Rates	64 265 913	-	64 265 913
Electricity	12 975 930	10 090 933	2 884 997
Other	5 311 698	5 019 267	292 431
Total	100 399 428	33 511 857	66 887 571
<u>Other receivables</u>	-	-	-
<u>Other receivables</u>	-	-	-
Total Trade and other receivables	100 399 428	33 511 857	66 887 571
Rates: Ageing			
Current (0 – 30 days)		1 845 872	2 187 088
31 - 60 Days		1 417 924	1 723 886
61 - 90 Days		1 315 144	1 473 351
91 - 120 Days		1 313 988	1 305 423
121 Days and over		63 165 464	57 579 969
Total		69 058 392	64 269 717
Electricity and other: Ageing			
Current (0 – 30 days)		1 136 092	1 329 814
31 - 60 Days		597 303	645 270
61 - 90 Days		286 393	625 341
91 - 120 Days		331 086	578 265
121 Days and over		34 141 789	32 951 020
Total		36 492 663	36 129 710
Summary of Debtors by Customer Classification	Consumers	Industrial / Commercial	National and Provincial Government
	R	R	R
as at 30 June 2011			
Current (0 – 30 days)			
31 - 60 Days			
61 - 90 Days			
91 - 120 Days			
121 - 365 Days			
+ 365 Days			
Sub-total	-	-	-
Less: Provision for doubtful debts			
Total debtors by customer classification	-	-	-
as at 30 June 2010			
Current (0 – 30 days)			
31 - 60 Days			
61 - 90 Days			
91 - 120 Days			
121 - 365 Days			
+ 365 Days			
Sub-total	-	-	-
Less: Provision for doubtful debts			
Total debtors by customer classification	-	-	-

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note

2011	2010
R	R

2 Reconciliation of the doubtful debt provision

Balance at beginning of the year	33 511 857	63 818 877
Contributions to provision	-	8 123 260
Doubtful debts written off against provision	-	-
Reversal of provision	-	(38 430 280)
Balance at end of year	-	33 511 857

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2011, R - (2010: R 44467848-) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	2 369 156
2 months past due	2 098 692
3 months past due	

Trade and other receivables impaired

As of 30 June 2011, trade and other receivables of R - (2010: R 72846075 -) were impaired and provided for.

The amount of the provision was R - as of 30 June 20x1 (20x10 R 63818872).

The ageing of these receivables is as follows:

Past due 3 months	1 883 688
Over 3 months past due	90 530 989

The fair value of trade and other receivables approximates their carrying amounts.

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Insurance claims	-	-
Rates and other taxes	-	-
Subsidies	-	-
Road reinstatements	-	-
Unauthorized expenditure (see Note 50.1)	-	-
Other debtors	8 938 557	2 128 575
Prepayments	279 244	290 825
Total Other Debtors	9 217 801	2 419 400
Less: Provision for Doubtful Debts	1 256 290	1 256 290
	7 961 511	1 163 110

[Notes1-10!A686](#)

4 OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets	-	-
------------------------------------	---	---

4 OTHER CURRENT FINANCIAL ASSETS

Other current financial assets	-	-
--------------------------------	---	---

5 INVENTORIES

Opening balance of inventories:	1 051 233	896 765
Consumable stores - at cost	1 051 233	896 765
Additions:	229 967	154 468
Consumable stores	229 967	154 468

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2011

Note

2011 R	2010 R
-	-
1 281 200	1 051 233
1 281 200	1 051 233

Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net

Replacement Cost (NRC):

Consumable stores

Maintenance materials

Spare parts

Other goods held for resale

Water

Closing balance of inventories:

Consumable stores

6 PREPAYMENTS

Prepaid expenses

279 244 290 825

Insurance for x months relating to following financial year, were paid in the current year.

7 INVESTMENTS

Deposits

140 000 140 000

Call investments

- -

140 000 140 000

Fixed deposits amounting to Rxxx (20X0: Rxxx) have been ring-fenced for the purposes of repaying long-term liabilities as sent out in Note 36.

8 NON-CURRENT RECEIVABLES

Car loans

35 572 35 572

Staff loans

- -

Housing selling scheme loans

- -

Other non-current receivables

- -

35 572 35 572

Less : Current portion transferred to current receivables

(35 572) (35 572)

Car loans

(35 572) (35 572)

Staff loans

- -

Housing selling scheme loans

- -

Other non-current receivables

- -

Total

- -

CAR LOANS

terms and condiitons

STAFF LOANS

terms and condiitons

HOUSING SELLING SCHEME LOANS

terms and condiitons

OTHER LONG TERM LOANS

terms and condiitons

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note

2011
R

2010
R

9 CONSTRUCTION CONTRACT RECEIVABLES

Contracts in progress at reporting date:

Construction contract receivables

Advances received in excess of work completed are included in trade and other payables.

At 30 June 20x1, contract debtors of R - (20x0: R -) are due for settlement after more than 12 months.

Contract debtors were pledged as security for overdraft facilities of R - (20x0: R -) of the municipality. At year end the overdraft amounted to R - (20x0: R -).

-	-
---	---

10 INVESTMENTS

Financial Instruments

Fixed Deposits

Listed Investments

Other Investments

Pledged Investments

A fixed deposit amounting to Rxxx has been invested with xxx Bank as security for the lease of a sewerage purification plant.

-	-
-	-
-	-

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

11 PROPERTY, PLANT AND EQUIPMENT

11.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2010	-	118 505 411	377 022 470	3 480 418	-	869 408	-	499 877 707
Cost/Revaluation	-	147 088 111	816 336 522	3 679 913	-	1 861 015	-	968 965 561
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	-	(28 582 700)	(439 314 052)	(199 495)	-	(991 607)	-	(469 087 854)
Acquisitions	-	8 705 615	27 991 612	45 054	-	235 632	-	36 977 913
Capital under Construction	-	-	70 401	-	-	-	-	70 401
Depreciation	-	(5 205 757)	(61 607 014)	(182 888)	-	(321 490)	-	(67 317 148)
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
as at 30 June 2011	-	122 005 270	343 477 469	3 342 584	-	783 550	-	469 608 873
Cost/Revaluation	-	155 793 727	844 398 535	3 724 967	-	2 096 646	-	1 006 013 875
Accumulated depreciation and impairment losses	-	(33 788 457)	(500 921 066)	(382 383)	-	(1 313 097)	-	(536 405 002)

*Other movements consist of

Refer to Appendix B for more detail on property, plant and equipment

[App B!A1](#)

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

11.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2009	-	104 825 784	397 115 081	2 365 442	-	719 039	-	505 025 346
Cost/Revaluation	-	122 454 040	820 288 382	2 408 800	-	12 801 490	-	957 952 712
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	-	(17 628 256)	(423 173 301)	(43 358)	-	(12 082 451)	-	(452 927 366)
Acquisitions	-	2 177 926	9 135 861	1 271 113	-	640 600	-	13 225 500
Capital under Construction	-	3 482 345	5 678 559	-	-	-	-	9 160 904
Depreciation	-	(1 583 764)	(25 396 618)	(156 137)	-	(393 723)	-	(27 530 242)
Carrying value of disposals	-	9 603 120	(9 510 413)	-	-	(3 620 482)	-	(3 527 775)
Cost/Revaluation	-	18 973 800	(18 766 280)	-	-	(11 581 075)	-	(11 373 555)
Accumulated depreciation and impairment losses	-	(9 370 680)	9 255 867	-	-	7 960 593	-	7 845 779
Impairment loss/Reversal of impairment loss	-	-	-	-	-	3 523 974	-	3 523 974
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
as at 30 June 2010	-	118 505 411	377 022 470	3 480 418	-	869 408	-	499 877 707
Cost/Revaluation	-	147 088 111	816 336 522	3 679 913	-	1 861 015	-	968 965 561
Accumulated depreciation and impairment losses	-	(28 582 700)	(439 314 052)	(199 495)	-	(991 607)	-	(469 087 854)

*Other movements consist of

Refer to Appendix B for more detail on property, plant and equipment [App B!A1](#)

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
11.2 Property, plant and equipment pledged as security			
Asset 1			
Terms and conditions			
Asset 2			
Terms and conditions			
11.3 Capitalised expenditure			
Asset 1			
Asset 2			
Asset 3			
		-	-
11.4 Compensation received for losses on property, plant and equipment – included in operating surplus			
Asset 1			
Asset 2			
Asset 3			
		-	-
11.5 Details of valuation			
<p>The effective date of the revaluations was x. Revaluations were performed by an independent valuer, Mr Botha [specify qualifications], of Messrs Botha and Rudd. Botha and Rudd are not connected to the entity. Land and buildings are re-valued independently every x years.</p> <p>The valuation was performed using the discounted cash flow approach (other, describe, e.g. recent arms length transaction), and the following assumptions were used: Discount rate Other Other These assumptions are based on current market conditions.</p> <p>The carrying value of the revalued assets under the cost model would have been:</p>			
Asset 1			
Asset 2			
Asset 3			

11.6 Other information

Carrying value of idle property, plant and equipment
Fully depreciated property, plant and equipment still in use
Property, plant and equipment retired from active use, but not classified as held for sale
Fair value of property, plant and equipment carried at cost

-	-
---	---

11.7 Details of property

Property X

Terms and conditions
Purchase price: date
Additions since purchase
Capitalised expenditure

-	-
---	---

Property Y

Terms and conditions
Purchase price: date
Additions since purchase
Capitalised expenditure

-	-
---	---

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
12 INTANGIBLE ASSETS			
12.1 Reconciliation of carrying value			
	Computer Software R	Other* R	Total R
as at 1 July 2010	-	-	-
Cost	-	-	-
Correction of error (note 48)	-	-	-
Change in accounting policy (note 47)	-	-	-
Accumulated amortisation and impairment losses	-	-	-
Acquisitions	-	-	-
Amortisation	-	-	-
Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated amortisation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2011	-	-	-
Cost	-	-	-
Accumulated amortisation and impairment losses	-	-	-

*Note: "Other" consists of....., none of which are considered to be individually significant or material.

	Computer Software R	Other* R	Total R
as at 1 July 2009	-	-	-
Cost	-	-	-
Correction of error (note 48)	-	-	-
Change in accounting policy (note 47)	-	-	-
Accumulated amortisation and impairment losses	-	-	-
Acquisitions	-	-	-
Amortisation	-	-	-
Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated amortisation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2010	-	-	-
Cost	-	-	-
Accumulated amortisation and impairment losses	-	-	-

*Note: "Other" consists of....., none of which are considered to be individually significant or material.

- 12.2 Intangible assets with indefinite useful lives (disclose the following);**
- Carrying amount;
Reasons for supporting the assessment of the useful life as indefinite;
Description of the factor(s) that played a significant role in determining that the asset has an indefinite useful life.

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
------	-----------	-----------

13 INVESTMENT PROPERTY

13.1 Reconciliation of carrying value

as at 1 July 2010

Cost
Revaluation of Vacant Land
Change in accounting policy (note 47)
Accumulated depreciation and impairment losses

Investment property X R	Investment property Y R	Total R
244 449 000	-	244 449 000
244 449 000	-	244 449 000
		-

Acquisitions
Depreciation

Carrying value of disposals
Cost
Accumulated depreciation

-	-	-

Impairment loss/Reversal of impairment loss
Transfers
Other movements

-	-	-
-	-	-
-	-	-

as at 30 June 2011

Valuation
Accumulated depreciation and impairment losses

244 449 000	-	244 449 000
244 449 000	-	244 449 000
-	-	-

13.1 Reconciliation of carrying value

as at 1 July 2009

Cost
Revaluation of Vacant Land
Change in accounting policy (note 47)
Accumulated depreciation and impairment losses

Investment property R	Investment property R	Total R
19 150 200	-	19 150 200
19 150 200	-	19 150 200
		-
		-

Acquisitions
Depreciation

-	-	-
-	-	-

Revaluation
Revaluation of Vacant Land
Accumulated depreciation

225 298 800	-	225 298 800
225 298 800	-	225 298 800
-	-	-

Impairment loss/Reversal of impairment loss
Transfers
Other movements

-	-	-
-	-	-
-	-	-

as at 30 June 2010

Valuation
Accumulated depreciation and impairment losses

244 449 000	-	244 449 000
244 449 000	-	244 449 000
-	-	-

13.2 Investment property pledged as security

13.3 Fair value of investment property carried at cost:

The effective date of the revaluations was x. Revaluations were performed by an independent valuer, Mr Botha [specify qualifications], of Messrs Botha and Rudd. Botha and Rudd are not connected to the entity and have recent experience in location and category of the investment property being valued. The valuation was based on open market value for existing use. For investment property, totalling R - (20X0: R -), where there was a lack of comparable market data, the valuation was based on discounted cash flows. The following assumptions were used:
Discount rate
Other
Other
These assumptions are based on current market conditions.

13.4 If the fair value can not be determined, the following should be disclosed:

Description of the investment property;
Explanation of why the fair value can not be determined reliably;

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
If possible, the range of estimates within which the fair value is highly likely to lie.			

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
13.5 Details of property:			
Investment property			
Terms and conditions			
Purchase price: date			
Additions since purchase			
Capitalised expenditure			
		-	-
Investment property			
Terms and conditions			
Purchase price: date			
Additions since purchase			
Capitalised expenditure			
		-	-
13.6 Rental income from investment property			
Direct operating expenses from rental generating property			
Direct operating expenses from non-rental generating property			

13 INVESTMENT PROPERTY CARRIED AT FAIR VALUE

13.1 Reconciliation of fair value	Investment property R	Investment property R	Total R
as at 1 July 2010	-	-	-
Acquisitions	-	-	-
Fair value adjustment	-	-	-
Fair value of disposals	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2011	-	-	-
13.1 Reconciliation of fair value	Investment property R	Investment property R	Total R
as at 1 July 2009	-	-	-
Acquisitions	-	-	-
Fair value adjustment	-	-	-
Fair value of disposals	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2010	-	-	-

13.2 Investment property pledged as security

13.3 Details of property
Investment property

Area	Number of Properties	Number of Properties
MPUNGAMHLOPE A		55
ULUNDI A		171
ULUNDI B		395
ULUNDI BA		268
ULUNDI C		55
ULUNDI D		374
ULUNDI L		1
ULUNDI Q		1
ZONDELA		376
		1 696

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
	-	2 073

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
13.3 Rental income from investment property			
Direct operating expenses from rental generating property			
Direct operating expenses from non-rental generating property			
13.4 Details of valuation			
<p>The effective date of the revaluations was x. Revaluations were performed by an independent valuer, Mr Botha [specify qualifications], of Messrs Botha and Rudd. Botha and Rudd are not connected to the entity and have recent experience in location and category of the investment property being valued.</p> <p>The valuation was based on open market value for existing use.</p> <p>For investment property, totalling R - (2007: R -), where there was a lack of comparable market data, the valuation was based on discounted cash flows. The following assumptions were used:</p> <p>Discount rate</p> <p>Other</p> <p>Other</p> <p>These assumptions are based on current market conditions.</p>			
13.5 Amounts recognised in surplus or deficit for the year.			

14 BIOLOGICAL ASSETS

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
15 NON-CURRENT ASSETS HELD FOR SALE			
Property, plant and equipment		-	-
Investment property		-	-
Other assets		-	-
		<u>-</u>	<u>-</u>
<i>State details on non-current assets held for sale including description of the assets and the facts and circumstances that resulted in it being classified as such.</i>			
16 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS			
Trade creditors		21 102 718	6 791 177
Payments received in advance		3 149 818	2 400 809
Retentions		3 825 629	1 845 185
Staff leave accrual		3 802 323	3 429 956
Deposits other		212 940	161 627
Land Sales Suspense		3 195 093	917 836
Unallocated receipts		5 790 478	
VAT accrual		3 189 445	3 046 348
Other payables			6 352
Total creditors		<u>44 268 444</u>	<u>18 599 290</u>
The fair value of trade and other payables approximates their carrying amounts.			
17 CONSUMER DEPOSITS			
Electricity		1 369 288	1 259 888
		-	-
Total consumer deposits		<u>1 369 288</u>	<u>1 259 888</u>
18 VAT PAYABLE			
VAT payable		-	-
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.			
18 VAT RECEIVABLE			
VAT receivable		3 368 742	727 215
		<u>3 368 742</u>	<u>727 215</u>
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.			
19 TAXES AND TRANSFERS PAYABLE (NON-EXCHANGE)			
Taxes and transfers payable		-	-

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
20 PROVISIONS			
Performance bonus		635 408	360 356
Current portion of long-service provision (see note 25)		-	-
Provision for leave		-	-
Other provisions		-	-
Total Provisions		635 408	360 356
<p>Performance bonuses for Section 57 Employees were provided for as outlined in the "Performance Regulations" promogated by the Department of Provincial and Local Government on the 1st August 2006.</p> <p>The movement in current provisions are reconciled as follows: -</p>			
as at 1 July 2010		360 356	395 000
Contributions to provision		275 052	184 454
Expenditure incurred		-	(219 098)
as at 30 June 2011		635 408	360 356
21 UNSPENT CONDITIONAL GRANTS AND RECEIPTS			
21.1 Unspent Conditional Grants from other spheres of Government		5 216 037	9 421 515
Total Unspent Conditional Grants and Receipts		5 216 037	9 421 515
Non-current unspent conditional grants and receipts		-	-
Current portion of unspent conditional grants and receipts		-	-
<p>See Note 31 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.</p>			

[Notes15-61\A291](#)

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
22 ACCUMULATED SURPLUS			
(Deficit) / Surplus for the year		(40 165 870)	251 024 063
Other accumulated surplus		448 232 786	137 078 943
		<u>408 066 916</u>	<u>388 103 006</u>
Government Grant Reserve			
Balance as at 30 June 2010		108 696 972	96 071 460
Capital grants used to finance Property, Plant, and Equipment			20 680 570
Offsetting of Depreciation			(8 055 058)
Transferred to Accumulated Surplus		(108 696 972)	
Balance as at 30 June 2011		<u>-</u>	<u>108 696 972</u>
Capitalisation Reserve			
Balance as at 30 June 2010		7 672 587	7 936 535
Offsetting of Depreciation			(263 948)
Transferred to Accumulated Surplus		(7 672 587)	
Balance as at 30 June 2011		<u>-</u>	<u>7 672 587</u>
Other Accumulated Reserves			<u>271 733 447</u>
22 BORROWINGS			
Local Registered Stock Loans		-	-
Annuity Loans		-	-
Government Loans : Other		540 420	540 420
Other borrowings		-	-
		<u>540 420</u>	<u>540 420</u>
Less : Current portion transferred to current liabilities		-	-
Local Registered Stock Loans		-	-
Annuity Loans		-	-
Government Loans : Other		-	-
Other borrowings		-	-
Total borrowings		<u>540 420</u>	<u>540 420</u>

Refer to Appendix A for more detail on borrowings. [App A'IA1](#)

23 FINANCE LEASE LIABILITY

2011	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Amounts payable under finance leases			
Within one year			
Within two to five years			
	<u>-</u>	<u>-</u>	<u>-</u>
Less: Amount due for settlement within 12 months (current portion)			<u>-</u>

The average lease term is x years and the average effective borrowing rate is x%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between x% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

2010	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Amounts payable under finance leases			
Within one year	37 903	37 903	-
Within two to five years			
	<u>37 903</u>	<u>37 903</u>	<u>-</u>
Less: Amount due for settlement within 12 months (current portion)			<u>-</u>

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

The average lease term is x years and the average effective borrowing rate is x%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between x% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

Note

2011
R

2010
R

24 OTHER FINANCIAL LIABILITIES

24.1 OTHER NON-CURRENT FINANCIAL LIABILITIES

Other non-current financial liabilities

- -

24.2 OTHER CURRENT FINANCIAL LIABILITIES

Other current financial liabilities

- -

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
25 NON-CURRENT PROVISIONS		
Provision for rehabilitation of landfill sites	-	-
Provision for long-service awards	-	-
Total Non-Current Provisions	-	-
<p>The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at X%, over an average period of X years.</p> <p><i>Insert any assumptions made concerning future events.</i></p> <p>The long-service award is payable after every 5 years of continuous service. The provision is an estimate of the long-service based on historical staff turnover.</p> <p><i>Insert any assumptions made concerning future events.</i></p> <p>The movement in the non-current provision is reconciled as follows: -</p>		
Provision for rehabilitation of landfill sites:		
Balance at the beginning of year	-	-
Contributions to provision	-	-
Expenditure incurred	-	-
Increase in provision due to discounting	-	-
Transfer to current provisions	-	-
Balance at the end of year	-	-
Provision for long-service awards:		
Balance at the beginning of year	-	-
Contributions to provision	-	-
Expenditure incurred	-	-
Increase in provision due to discounting	-	-
Transfer to current provisions	-	-
Balance at the end of year	-	-

26 PROPERTY RATES

Actual

Residential	5 502 373	5 466 113
Commercial	4 564 708	4 693 917
Agriculture	1 630 834	1 574 680
Heavy Industries		
State	9 691 502	4 384 337
Total property rates	21 389 417	16 119 047
Rates Rebates	2 845 497	3 614 052
	18 543 920	12 504 995
Property rates - penalties imposed and collection charges	7 865 654	7 366 746
Total	24 234 914	19 733 099

Valuations

Residential	522 186 001	516 734 001
Commercial	236 357 010	218 367 007
State	530 696 006	438 155 003
Non Profit Organisations		79 119 000
Agricultural	667 686 502	629 876 500
Non-Rateable	233 821 692	278 958 190
Municipal		
Total Property Valuations	2 190 747 211	2 161 209 701

Valuations on land and buildings are performed every four years. The latest valuation was completed on 1st January 2009, and came into effect on 1 July 2009. Interim valuations are processed on a quarterly basis to take into account changes in individual

The following are the rate randages that were applied to the valuations in respect of the various categories:

- Domestic and commercial R 00.21
- Public Works R 00.6385

Rebates of 40 % are granted to residential owners and 20 % to state property owners. Rates are levied on an annual basis on property owners.

All registered indigents receive a monthly subsidy of R 00.21 for rates, this subsidy is funded from the equitable share grant.

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
27 SERVICE CHARGES			
Sale of electricity		33 166 050	26 582 671
Refuse removal		4 525 350	2 986 993
Other		579 143	875 892
Total Service Charges		38 270 543	30 445 556
28 RENTAL OF FACILITIES AND EQUIPMENT			
Rental of facilities		385 515	410 285
Rental of equipment		-	-
Other rentals		-	-
Total rentals		385 515	410 285
29 INTEREST EARNED - EXTERNAL INVESTMENTS			
Bank		413 739	646 593
Financial assets			
Other			
Total interest		413 739	646 593
30 INTEREST EARNED - OUTSTANDING RECEIVABLES			
Debtor 1			
Debtor 2			
Debtor 3			
Total interest		-	-
31 GOVERNMENT GRANTS AND SUBSIDIES			
Equitable share		56 600 644	46 240 065
Conditional Grants utilised		34 530 528	23 072 953
Other Government Grants and Subsidies		12 000	-
Total Government Grant and Subsidies		91 143 172	69 313 018
31.1 Equitable Share			
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R00.21 for rates which is funded from the grant.			
		56 600 644	46 240 065
31.2 MIG Grant			
Balance unspent at beginning of year		(3)	3 169 571
Current year receipts		18 300 000	15 800 000
Prior year adjustment			(1 590 517)
Transfer 2008/2009			(2 074 228)
Debtor 2011		6 332 543	
Conditions met - transferred to revenue		(24 632 540)	(15 304 826)
Conditions still to be met - remain liabilities (see note 21)	Notes15-61!A124	-	-
<i>Provide explanations of conditions still to be met and other relevant information</i>			
31.3 Other Government Grants and Subsidies			
Balance unspent at beginning of year		9 421 515	11 702 434
Current year receipts		9 176 039	9 500 011
Prior year adjustment			(3 193 767)
Transfer 2008/2009			(819 034)
Debtor 2011			
Conditions met - transferred to revenue		(13 381 518)	(7 768 129)
Conditions still to be met - remain liabilities (see note 21)	Notes15-61!A124	5 216 036	9 421 515
<i>Provide explanations of conditions still to be met and other relevant information</i>			
31.4 Changes in levels of government grants			
Based on the allocations set out in the Division of Revenue Act, (Act ...of 20X2), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.			

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
32 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS		
32.1 Other income		
Other income	36 834	42 767
VAT Recovery - Projects funded from Grant	3 693 927	2 881 622
Contribution shared services		748 250
Total Other Income	3 730 761	3 672 639
32.1 Public contributions and donations		
Public contributions - Conditional	-	-
Public contributions - Unconditional	-	-
Donations	-	-
Total public contributions and donations	-	-
Reconciliation of conditional contributions		
Balance unspent at beginning of year		
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities (see note 21)	-	-

Provide explanations of conditions still to be met and other relevant information

33 EMPLOYEE RELATED COSTS	54 570 538	45 192 334
Employee related costs - Salaries and Wages	34 453 684	26 968 725
Employee related costs - Contributions for UIF, pensions and medical aids	9 982 607	9 748 445
Travel, motor car, accommodation, subsistence and other allowances	3 072 771	2 038 516
Housing benefits and allowances	129 485	126 778
Overtime payments	930 990	751 044
Performance and other bonuses	-	360 356
Other employee related costs	2 028 231	2 019 160
Employee Related Costs	50 597 768	42 013 024

There were no advances to employees / Loans to employees are set out in note 3.

Remuneration of the Municipal Manager		
Annual Remuneration	618 494	589 363
Performance- and other bonuses	124 266	87 639
Travel, motor car, accommodation, subsistence and other allowances	226 159	209 017
Contributions to UIF, Medical and Pension Funds	43 042	60 363
Total	1 011 962	946 382

Remuneration of the Chief Finance Officer		
Annual Remuneration	463 863	467 053
Performance- and other bonuses	93 199	-
Travel, motor car, accommodation, subsistence and other allowances	90 509	79 507
Contributions to UIF, Medical and Pension Funds	117 418	101 886
Total	764 990	648 446

Remuneration of the Manager Corporate Services		
Annual Remuneration	471 285	628 540
Performance- and other bonuses	93 199	71 705
Travel, motor car, accommodation, subsistence and other allowances	90 509	79 508
Contributions to UIF, Medical and Pension Funds	117 418	111 029
Total	772 412	890 782

Remuneration of Individual Executive Directors

	Community Services R	Protection Services R	Technical Services R
2011			
Annual Remuneration	463 863	463 863	504 388
Performance- and other bonuses	93 199	93 199	
Travel, motor car, accommodation, subsistence and other allowances	90 509	90 509	160 000
Contributions to UIF, Medical and Pension Funds	117 418	117 418	1 452
Total	764 990	764 990	665 840

	Community Services R	Protection Services R	Technical Services R
2010			
Annual Remuneration	542 602	444 612	127 952
Performance- and other bonuses	59 754		
Travel, motor car, accommodation, subsistence and other allowances	83 260	79 508	29 500

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
Contributions to UIF, Medical and Pension Funds	106 265	111 029	
Total	791 881	635 149	157 452

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
34 REMUNERATION OF COUNCILLORS		
Executive Mayor	562 859	570 114
Deputy Executive Mayor	532 685	461 125
Speaker	463 023	461 105
Executive Committee Members	1 054 028	1 708 064
Councillors	6 468 389	6 319 935
Councillors' contributions Skills Development		70 917
Councillors' allowances		
Total Councillors' Remuneration	9 080 984	9 591 260
In-kind Benefits		
The Executive Mayor, Deputy Mayor, Speaker and Executive Committee Members are provided with an office and secretarial support at the cost of the Council.		
35 DEPRECIATION AND AMORTISATION EXPENSE		
Property, plant and equipment	68 511 173	27 530 242
Total Depreciation and Amortisation	68 511 173	27 530 242
36 INTEREST PAID		
Borrowings	37 903	7 895
Total Interest paid	37 903	7 895
37 BULK PURCHASES		
Electricity	33 906 123	24 594 884
Total Bulk Purchases	33 906 123	24 594 884
38 CONTRACTED SERVICES		
Contracted services for:		
Hire of equipment	945 098	
Hire of Vehicles	3 544 874	1 226 804
Professional fees	1 602 135	1 909 954
Private Security Service	2 768 839	2 074 573
Refuse Removal contracts	4 141 770	3 931 186
Software and licenses	804 610	681 656
Grant expenditure	2 695 925	976 302
(provide details)		
(provide details)		
	16 503 251	10 800 476
39 GRANTS AND SUBSIDIES PAID		
Grant/subsidy to xxx	-	-
	-	-
(Provide details)		

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
40 GENERAL EXPENSES		
Included in general expenses are the following:-		
Accommodation	278 574	384 034
Advertising	316 897	115 948
Ammunition	79 282	
Arts and Culture	998	
Audit fees - External	1 284 453	1 099 899
Audit fees - Internal	695 564	864 407
Bank charges	430 271	334 253
Brochures - Council		2 301
Cash handling fee	163 309	149 087
Cash shortages	800	6 325
Chemicals & gasses		6 805
Children holiday programme	859	-
Civic entertainment		24 614
Commission : Sale pre-paid Electricity	420 660	174 074
Conference fees	26 665	25 838
Contribution - Leave pay provision		
Decorations	20 700	42 428
Delivery - Consumer accounts	80 645	59 186
Digging of graves		43 807
Disconnection fees		133 563
Entertainment / Refreshments	497 277	206 243
Expendable tools	16 637	30 980
Fertilizer & Compost	53 571	7 063
Fixed asset register	350 000	
Fuel and oil - machinery	35 249	
Free basic Services - Electricity	188 086	369 151
Fruitless and wasteful expenses	59 289	333 947
Grant : Community dev workers		
Grant : FMG	1 085 877	605 665
Grant : P/CONS HR Systems		47 410
Grant : LUMS		
Grant : MAP		
Grant : Municipal Governance		347 735
Grant : National Electrification		
Grant : PMS		
Grant : Skills Development	228 887	141 337
Grant Bookkeeping training		
Grant P/Cons HR Systems		
Grant Project Consolidate Comm Consultant		
Grant valuation roll		
Hire of equipment		644 683
Hire of offices	84 746	
HIV/AIDS Projects	299 012	69 818
Housing Grant Expenditure		43 860
IDP projects	201 751	
Indigent burials	1 009 389	926 960
Indigent relief	133 993	149 559
Insurance	541 372	559 347
IT - Management training		495
Legal expenses	314 361	174 432
LED projects	34 855	
Library material	37 395	11 506
License fees	17 694	6 042
Local mayoral sports cup	460 691	280 982
Lost/Damaged library books	6 623	2 629
Mayoral functions	926 148	285 963
Medical examination fees	4 935	6 006
Membership fees	255 110	238 512
MPRA		44 087
Official photographs		5 187
Pauper burials		
Periodicals	7 437	51 659
Printing and stationery	1 281 951	542 832
Projects tourism	178 208	230 074
Promotional material	148 884	25 653
Publicity	270 628	76 501
Quality Special projects/Grass cutting	378 540	267 535
Refuse bags	250 006	223 410
Refuse receptacles		
Repeater licence fee		
Small office equipment	97 170	51 724
Small tools		108
Stamps and postage	12 232	48 716
Stocks and material	375 649	255 316
Stores shortages	143 028	

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
Street lights			
Study aid - Staff		(29 306)	(6 734)
Sundries		116 006	32 170
Telephone cost		1 136 178	1 200 432
Training		221 172	241 896
Transport		1 845 562	1 548 501
Travel and subsistence		500 455	697 476
Trees and shrubs		14 481	
Uniforms & overalls		145 550	215 047
Valuation costs		168 871	
Ward committees			
Water charges		292 418	246 768
WCC		719 487	50 107
Weed killer programme		885	
Weed killers and insecticides			50 662
Youth Affairs		15 850	
Other			
		18 933 967	15 056 022
41 GAIN / (LOSS) ON SALE OF ASSETS			
Investment property			1 840 055
Vehicles			330 500
Total Gain / (Loss) on Sale of Assets		-	2 170 555
31 PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT			
Investment property carried at fair value			225 298 800
Total Profit / (Loss) on Fair Value Adjustment			225 298 800

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
42 IMPAIRMENT LOSS / (REVERSAL OF IMPAIRMENT LOSS)		
Property, plant and equipment	-	-
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount (or recoverable service amount) of the asset was based on its fair value less costs to sell or [its value in use.]		
Intangible assets	-	-
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount (or recoverable service amount) of the asset was based on its fair value less costs to sell or [its value in use.]		
Investment property	-	-
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount (or recoverable service amount) of the asset was based on its fair value less costs to sell or [its value in use.]		
Biological assets	-	-
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount (or recoverable service amount) of the asset was based on its fair value less costs to sell or [its value in use.]		
Other financial assets	-	-
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount (or recoverable service amount) of the asset was based on its fair value less costs to sell or [its value in use.]		
Total Impairment loss / (Reversal of Impairment Loss)	-	-
Value in use		
Provide: A description of each key assumption on which management has based its cash flow projections for the period covered by the most recent budgets/forecasts. Key assumptions are those to which the unit's (group of units') recoverable amount (or recoverable service amount) is most sensitive.		
A description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information.		
The period over which management has projected cash flows based on financial budgets/forecasts approved by management and, when a period greater than five years is used for a cash-generating unit (group of units), an explanation of why that longer period is justified.		
The growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets/forecasts, and the justification for using any growth rate that exceeds the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market to which the unit (group of units) is dedicated.		
The discount rate(s) applied to the cash flow projections was x% (20x0:x%).		
Fair value less cost to sell		
Provide: A description of the methodology used to determine fair value less costs to sell. If fair value less costs to sell is not determined using an observable market price for the unit (group of units), the following information shall also be disclosed:		
A description of each key assumption on which management has based its determination of fair value less costs to sell.		
A description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information.		
Sensitivity of key assumptions		

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
43 PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT		
Investment property carried at fair value		225 298 800
Biological assets carried at fair value		
Other financial assets		
Other financial liabilities		
Total Profit / (Loss) on Fair Value Adjustment	-	225 298 800

44 CASH GENERATED BY OPERATIONS

(Deficit)/ Surplus for the year	(40 165 870)	251 024 063
Adjustment for:-		
Prior year	(339 283)	
Depreciation and amortisation	68 511 173	27 530 242
(Gain) / loss on sale of assets	(509 642)	(2 170 555)
Contribution to provisions for bad debts		(3)
Contributions to provisions - current		-
Housing grants received/ Expenditure		(50 580)
Finance costs	37 903	7 895
Interest earned	(413 739)	(646 593)
Fair value adjustments	-	(212 063 600)
Operating surplus before working capital changes:	27 120 542	63 630 869
(Increase)/decrease in inventories	(229 967)	(154 468)
(Increase)/decrease in trade receivables	(5 151 757)	(10 227 110)
(Increase)/decrease in other receivables	(6 798 401)	126 548
Adjustment to provisions - current	275 052	(34 644)
(Increase)/decrease in VAT receivable	(2 641 527)	201 438
Increase/(decrease) in conditional grants and receipts	(4 205 477)	(666 207)
Increase/(decrease) in trade payables	25 669 153	2 068 723
Increase/(decrease) in consumer deposits		
Increase/(decrease) in VAT payable		
Other asset		
Other liability		
Cash generated by/(utilised in) operations	34 037 618	54 945 149

45 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	497 667	2 613 996
Bank overdrafts	-	(99 596)
Net cash and cash equivalents (net of bank overdrafts)	497 667	2 514 400

46 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see Note 22)
Used to finance property, plant and equipment – at cost
Sub- total
Cash set aside for the repayment of long-term liabilities
Cash invested for repayment of long-term liabilities

[Notes15-61\A135](#)

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
47 CHANGE IN ACCOUNTING POLICY			
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and changes to existing policies:			
47.1 Statutory Funds			
Balance previously reported: -			
Capital Development Fund			
Land Trust Fund			
Parking Development Fund			
Loans redeemed and other capital receipts			
Total		-	-
Implementation of GRAP			
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)			
Transferred to Government Grant Reserve			
Transferred to Capitalisation Reserve			
47.2 Provisions and Reserves			
Balance previously reported			
Valuation Roll Reserve			
Staff Bursary Reserve			
Total		-	-
Implementation of GRAP			
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)			
47.3 Inventory			
Balance previously reported			
Implementation of GRAP			
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)			
Change from first-in-first-out to weighted average method			
Total		-	-
47.4 Non-current provisions			
Balance previously reported -			
Implementation of GRAP			
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)			
Long-service			
Total		-	-
47.5 Property, plant and equipment			
Balance previously reported			
Implementation of GRAP			
Infrastructure previously not recorded credited to Accumulated Surplus/(Deficit) (see 47.7 below)			
Total		-	-
47.6 Accumulated Depreciation			
Balance previously reported -			
Implementation of GRAP			
Backlog depreciation: Land and buildings			
Backlog depreciation: Infrastructure			
Backlog depreciation: Community			
Backlog depreciation: Other			
Total (debited to Accumulated Surplus/(Deficit)) (see 47.7 below)		-	-
47.7 Accumulated Surplus/(Deficit)			
Implementation of GRAP			
Adjustments to inventory (see 47.3 above)			
Excessive provisions and reserves no longer permitted (see 47.2 above)			
Non-current provisions previously not recognised (see 47.4 above)			
Transferred from statutory funds (see 47.1 above)			
Fair value of Property, Plant and Equipment previously not recorded (see 47.5 above)			
Backlog depreciation (see 47.6 above)			
Total		-	-

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
48 CORRECTION OF ERROR			
During the year ended 30 June 2010 and previous years, PPE and other assets were incorrectly recognised: -			
The comparative amount has been restated as follows:			
Depreciation			
Net effect on surplus/(deficit) for the year		-	-
PPE			
VAT receivable not previously recognised			
Non current receivables incorrectly recognised (Investing Act)			
Accruals were understated due to lack of year-end accrual			
Staff leave accrual			
Net effect on Statement of Financial Position		-	-
Net effect on Accumulated surplus opening balance		-	-
49 CHANGE IN ESTIMATE			
The useful life of certain plant was estimated in 20x0 to be x years. In the current period management have revised their estimate to x years. The effect of this revision has increased the depreciation charges for the current and future periods by R -. Other			
UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE			
50 DISALLOWED			
50.1 Unauthorised expenditure			
Reconciliation of unauthorised expenditure			
Opening balance			
Unauthorised expenditure current year			
Approved by Council or condoned			
Transfer to receivables for recovery			
Unauthorised expenditure awaiting authorisation		-	-
Incident	Disciplinary steps/criminal proceedings		
Unbudgeted expenditure	Disciplinary hearing held on xxx		
50.2 Fruitless and wasteful expenditure			
Reconciliation of unauthorised fruitless and wasteful expenditure			
Opening balance		7 676 126	930 392
Unauthorised fruitless and wasteful expenditure current year		59 288	8 010 073
Approved by Council or condoned			(1 264 339)
Transfer to receivables for recovery			-
Unauthorised fruitless and wasteful expenditure awaiting authorisation		7 735 414	7 676 126
Incident	Disciplinary steps/criminal proceedings		
VAT penalty	Disciplinary hearing on xxx		
50.3 Irregular expenditure			
Reconciliation of irregular expenditure			
Opening balance			
Fruitless and wasteful expenditure current year			
Condoned or written off by Council			
Transfer to receivables for recovery – not condoned			
Irregular expenditure awaiting condonement		-	-
Incident	Disciplinary steps/criminal proceedings		
Non-adherence to Supply Chain	Disciplinary hearing		

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE		
51 MANAGEMENT ACT		
51.1 Contributions to organised local government		
Opening balance		
Council subscriptions		
Amount paid - current	255 110	238 512
Amount paid - previous years		
Balance unpaid (included in payables)	255 110	238 512

51.2 Audit fees

Opening balance		
Current year audit fee		
Amount paid - current year	1 284 453	1 099 899
Amount paid - previous years		
Balance unpaid (included in payables)	1 284 453	1 099 899

The balance unpaid represents the audit fee for an interim audit conducted during May and June 20X2 and is payable by 31 July 20X2.

51.3 VAT

Opening balance	727 215	1 757 174
VAT due to SARS : Letter of Assessment - 2007 and 2008 periods	(339 283)	(828 521)
Revised opening balance	387 932	928 653
Current year output vat	(5 236 395)	(4 359 016)
Current year input vat	13 504 079	9 626 153
Amount paid current year		249 106
Amount refunded by SARS - current	(5 286 874)	(5 717 682)
Amount due by SARS	3 368 742	727 214

VAT receivables and payables are shown in note 12. All VAT returns have been submitted by the due date throughout the year.

VAT input receivables and VAT output payables are shown in note 18. All VAT returns have been submitted by the due date throughout the year.

51.4 PAYE and UIF

Opening balance		
Current year payroll deductions	6 331 640	5 124 969
Amount paid - current year	(6 331 640)	(5 124 969)
Amount paid - previous years		
Balance unpaid (included in payables)	0	-

The balance represents PAYE and UIF deducted from the June 20X2 payroll. These amounts were paid during July 20X2.

51.5 Pension and Medical Aid Deductions

Opening balance		
Current year payroll deductions and Council Contributions	15 692 156	14 495 286
Amount paid - current year	(15 692 156)	(14 495 286)
Amount paid - previous years		
Balance unpaid (included in payables)	(0)	-

The balance represents pension and medical aid contributions deducted from employees in the June 20X2 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 20X2.

51.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

	Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
as at 30 June 2011			
NJ Manana	946	946	
F L Buthelezi	8 566		8 566
W T Ndebele	1 294		1 294
Total Councillor Arrear Consumer Accounts	10 806	946	9 860

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
as at 30 June 2010			
NJ Manana	1 919	1 919	-
MA Sibiyi	698	698	-
NR Magwaza	1 020	1 020	-
MA Sibiyi	8 729		
SG Jali	10 137	1 915	2 433
SR Shwala	4 621	233	4 387
ZP Dlamuka			
Total Councillor Arrear Consumer Accounts	27 125	5 786	6 821

During the year the following Councillors had arrear accounts outstanding for more than 90 days.

	Highest Amount Outstanding R	Ageing Days
as at 30 June 2011		
Councillor xx		x days
Councillor xx		x days
as at 30 June 2010		
Councillor xx		x days
Councillor xx		x days

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note

2011
R

2010
R

51.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

The Municipality has not developed a supply chain management policy due to (reason)

52 CAPITAL COMMITMENTS

52.1 Commitments in respect of capital expenditure

- Approved and contracted for

Infrastructure
Community
Heritage
Other

- 16 425 000

- Approved but not yet contracted for

Infrastructure
Community
Heritage
Other

- 1 459 700

Total

- 17 884 700

This expenditure will be financed from:

- External Loans
- Government Grants
- Own resources
- District Council Grants

16 425 000

1 459 700

- 17 884 700

52.2 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year
Greater than one year

457 470

1 309 506

Total

- 1 766 976

Total future minimum sublease payment expected to be received under non-cancellable sublease

Operating Leases consists of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable / Contingent rent is payable based on x% of the municipality's sales.

Operating leases – as lessor

Minimum lease payments due

Within one year
In second to fifth year inclusive
After five years

Total

- -

Operating Leases consists of the following:

Certain of the municipality's equipment is held to generate rental income. Rental of equipment is expected to generate rental yields of -% on an ongoing basis. Lease agreements are non-cancellable and have terms from 3 to 6 years. There are no contingent rents receivable / Contingent rent is receivable based on x% of the municipality's sales which amounts to R -.

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
53 RETIREMENT BENEFIT INFORMATION			
53.1 Defined contribution plan			
The following are defined contribution plans: xxxxxxxxxxxx. These contributions have been expensed.			
53.2 Defined benefit plan			
The following are defined benefit plans: xxxxxxxxxxxxxxxx. These are not treated as defined benefit plans as defined by IAS19, but are accounted for as defined contribution plans. This is in line with the exemption in IAS 19 par. 30 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of detail.			
<p>Certain employees of the municipality belong to the xxx Fund, a multi-employer plan / state plan. The most recent actuarial valuation was done on x. These valuations indicate that the plan is in a sound financial position. The estimated liabilities of the fund are Rx million which are adequately funded by assets of Rx million.</p> <p>An amount of Rxxx (20X0 : Rxxx) was contributed by Council in respect of Councillors and employees retirement funding. These contributions have been expensed and are included in employee related costs for the year.</p>			
54 CONTINGENT LIABILITY			
54.1 Claim for damages			
The following matters are currently on the roll of the high court and as at balance sheet date the following amounts represent possible liabilities, they are an estimate from the Municipality's attorneys.			
D.N. Nzimande on behalf of S.E. Nzimande vs Ulundi Municipality			2 300 000
G.M. Zondo on behalf of L.Z. Zondo vs Ulundi Municipality			100 000
			<u>2 400 000</u>
The Municipality is being sued by these ratepayers for damages arising from incidents relating to electric shock injuries sustained.			
54.2 Performance bonus dispute – Legal fees			
Several senior officials are disputing the assessment process regarding the payment of performance bonuses. Provision has been made for the payment of the bonuses as assessed by the Municipality. The claim is being considered by the labour court after the CCMA ruled in favour of the Council.			
55 CONTINGENT ASSET			
Subsequent to the disciplinary hearing in respect of the fruitless and wasteful expenditure referred to in Note 50.2, civil proceedings have commenced against the employees concerned to recover an amount of Rxxx. According to Council's legal advisors, it is probable that the proceedings will result in the recovery of the full amount but this recovery is virtually certain.			
Notes15-61\A707			
56 IN-KIND DONATIONS AND ASSISTANCE			
The Municipality received the following in-kind donations and assistance			
Description E.g. Development of Integrated Development Plan by donor agency			
57 RELATED PARTIES			
Compensation paid to members of key management (refer note 23)			4 070 092
Compensation paid to councillors (refer note 24)			<u>9 591 260</u>

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
There were no related party transactions during the 2010/2011 financial year.		
Related party transactions		
Interest paid to (received from) related parties <i>insert related party</i>		
Loans to (from) related parties <i>insert related party</i>		
Purchases from (sales to) related parties <i>insert related party</i>		

58 EVENTS AFTER THE REPORTING DATE

The Municipality has agreed in principle to transfer its electricity function to the new Regional Electricity Distributor (RED) - Region AB. The date of transfer is proposed for xxx. The financial effect of this transfer is not yet known as the Municipality is uncertain as to what its share of the revenue of the RED will be or what the terms and conditions of the transfer will be. There are ongoing discussions with the management of RED - Region AB and EDI Holdings, which is the responsible authority for the implementation of REDS nationally.

59 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment
Recoverable amounts of property, plant and equipment
Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)
Present value of defined benefit obligation
Fair value of plan assets
Provision for doubtful debts
Impairment of assets
Provision for long-term service award
Other

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets
Provisions
Other

1 DISTRIBUTION LOSSES

The municipality incurred distribution losses on Electricity amounting to approximately 24,503,480.69 units for the year ending 30 June 2010, this loss amounted to approximately . These losses are calculated as the difference between power supplies pur

Number of consumers (Residential and Commercial)

Units purchased (kwh)

Units sold (total)

Units lost in distribution

% Lost in distribution

Total Costs (Expenses)

Average Cost per unit purchased

TOTAL COST LOST THROUGH DISTRIBUTION

75 574 919	71 978 022
44 749 682	47 474 541
30 825 237	24 503 481
40.79%	34.04%
	R 13 658 589
R 0.1898	R 0.1898
R 5 849 414	R 4 661 105

60 RISK MANAGEMENT

60.1 Maximum credit risk exposure

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or consumer contract, leading to financial loss. The municipality is exposed to credit risk from its operating activities (primarily for trade receivables)

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control ass	105 551 055	100 399 428
Credit risk from balances with banks and financial institutions is managed by the municipality's finance and management committee in accordance with the municipality's policy. Investments of surplus funds are made only with approved counterparties and with		
Counterparty credit facilities are reviewed by MANCO on an annual basis , and may be updated throughout the year subject to approval by EXCO.		
Financial assets exposed to credit risk at year end were as follows:		
First National Bank Call Investments	134 528	2 603 346
These balances represent the maximum exposure to credit risk.		

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note

2011
R

2010
R

60.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

20x1

Gross finance lease obligations
Borrowings
Trade and other payables
Other

Not later than one month

Later than one month and not later than three months

20x1

Gross finance lease obligations
Borrowings
Trade and other payables
Other

Later than three months and not later than one year

Later than one year and not later than five years

20x0

Gross finance lease obligations
Borrowings
Trade and other payables
Other

Not later than one month

Later than one month and not later than three months

20x0

Gross finance lease obligations
Borrowings
Trade and other payables
Other

Later than three months and not later than one year

Later than one year and not later than five years

GOING CONCERN

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

Immediate indication of going concern problems include: Cash book overdraft; Unspent conditional grants and consumer deposits not cash backed; disclosed operating deficit; and over spend on budget.

The physical bank account never went into overdraft, the unrepresented cheques, were subsequently covered by deposits.

As disclosed in note 1, the unspent grants and consumer deposits were not cash backed. The main reason for this was due to collection challenges experienced with a number of major clients, and legal proceedings have been commenced on collection.

Unspent Grants balance
Consumer Deposits - Electricity

5 216 036 9 421 514

1 369 288 1 259 888

6 585 324 10 681 402

The Municipality has reflected an operating deficit, and overspend on the budget for the year ended 30 June 2010. This deficit and overspend on the whole is as a result of accounting entries processed in compliance with the latest GRAP standard, GRAP 17

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note

2011
R

2010
R

60.3 Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

OR

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain approximately 60% of its borrowings in fixed rate instruments.

At year end, financial instruments exposed to interest rate risk were as follows:

- Call deposits
- Notice deposits
- Long term annuity
- Development Bank of South Africa loan
- ABSA overdraft

60.4 Other price risk

Examples include changes in commodity prices

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
61 RESTATEMENT OF COMPARATIVE INFORMATION			
Provision for leave and bonuses have been reclassified as accruals. The effect of the restatement is summarised below:			
Statement of Financial Position:			
Provisions			
Accruals - leave			
Accruals - bonuses			
			-

62 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2)

ULUNDI LOCAL MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS

as at 30 June 2011

			Balance at 30 June 2010	Received during the period	Redeemed / written off during the period	Balance at 30 June 2011	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
EXTERNAL LOANS	Loan number	Redeemable Date	R	R	R	R	R	R
LONG-TERM LOANS								
Development Bank			540 420			540 420		
Total long-term loans			540 420			540 420		
TOTAL EXTERNAL LOANS			540 420			540 420		

ULUNDI LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R
Land												
Land	-				-	-				-		
Landfill Sites	-				-	-				-		
Quarries	-				-	-				-		
	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	147 088 111	8 705 615			155 793 727	(28 582 700)	(5 205 757)			(33 788 457)		
Infrastructure												
Drains	-				-	-						
Roads	570 812 717	19 285 034			590 097 751	(295 721 290)	(52 183 882)			(347 905 172)		
Sewerage Mains & Purification	98 282				98 282	(98 282)				(98 282)		
Electricity Mains	209 891 709	8 706 578		70 401	218 668 687	(117 355 992)	(8 363 709)			(125 719 701)		
Electricity Peak Load Equip	242 520				242 520	(129 812)				(129 812)		
Water Mains & Purification	-				-	-				-		
Reservoirs – Water	-				-	-				-		
Water Meters	-				-	-				-		
Storm Water	35 291 295				35 291 295	(26 008 677)	(1 059 423)			(27 068 099)		
Under construction	-				-	-				-		
	816 336 522	27 991 612	-	70 401	844 398 535	(439 314 052)	(61 607 014)	-	-	(500 921 066)	-	-
Community Assets												
Parks & Gardens	-				-	-				-		
Libraries	-				-	-				-		
Recreation Grounds	-				-	-				-		
Civic Buildings	-				-	-				-		
Stadiums	-				-	-				-		
Halls	-				-	-				-		
Theatre	-				-	-				-		
Swimming Pools	-				-	-				-		
Cemeteries	3 679 913	45 054			3 724 967	(199 495)	(182 888)			(382 383)		
	3 679 913	45 054	-	-	3 724 967	(199 495)	(182 888)	-	-	(382 383)	-	-
Heritage Assets												
Historical Buildings	-	-	-	-	-	-				-		
Paintings & Artifacts	-	-	-	-	-	-				-		
	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	967 104 546	36 742 281	-	70 401	1 003 917 229	(468 096 248)	(66 995 658)	-	-	(535 091 906)	-	-

ULUNDI LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	967 104 546	36 742 281	-	70 401	1 003 917 229	(468 096 248)	(66 995 658)	-	-	(535 091 906)	-	-
Other Assets												
Office Equipment	-				-	-				-		
Furniture & Fittings	278 444	158 448			436 892	(63 008)	(44 502)			(107 511)		
Bins and Containers	-				-	-				-		
Machinery Equipment	1 080 547	49 809			1 130 355	(1 015 022)	(24 235)			(1 039 257)		
Motor vehicles	3 276 680				3 276 680	(3 276 360)				(3 276 360)		
Fire engines	-				-	-				-		
Refuse tankers	-				-	-				-		
Computer Equipment	840 027	27 375			867 402	(161 191)	(252 608)			(413 799)		
Computer Software (part of computer equipment)	-				-	-				-		
Other Assets	(3 614 683)				(3 614 683)	3 523 974	(144)			3 523 830		
	1 861 015	235 632	-	-	2 096 646	(991 607)	(321 490)	-	-	(1 313 097)	-	-
Finance Lease Assets												
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Total	968 965 561	36 977 913	-	70 401	1 006 013 875	(469 087 854)	(67 317 148)	-	-	(536 405 002)	-	-

ULUNDI LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R
Land												
Land	-				-		-			-		
Landfill Sites							-	-		-		
Quarries					-		-	-		-		
	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	122 454 040	2 177 926	18 973 800	3 482 345	147 088 111	(17 628 256)	(1 583 764)	(9 370 680)		(28 582 700)		
Infrastructure												
Drains		-			-		-			-		
Roads	641 016 966	3 808 054	(75 364 490)	1 352 187	570 812 717	(322 674 255)	(21 807 626)	48 760 591		(295 721 290)		
Sewerage Mains & Purification	98 282	-		-	98 282	(98 282)	-			(98 282)		
Electricity Mains	178 897 030	5 327 807	21 340 500	4 326 372	209 891 709	(100 272 865)	(3 583 101)	(13 500 026)		(117 355 992)		
Airport Aprons	242 520				242 520	(125 447)	(4 365)			(129 812)		
Water Mains & Purification					-		-			-		
Reservoirs – Water					-		-			-		
Water Meters					-		-			-		
Storm Water	33 584		35 257 711		35 291 295	(2 452)	(1 526)	(26 004 699)		(26 008 677)		
Under construction					-							
	820 288 382	9 135 861	(18 766 280)	5 678 559	816 336 522	(423 173 301)	(25 396 618)	9 255 867	-	(439 314 052)	-	-
Community Assets												
Parks & Gardens					-					-		
Libraries					-					-		
Recreation Grounds					-					-		
Civic Buildings					-					-		
Stadiums					-					-		
Halls					-					-		
Theatre					-					-		
Swimming Pools					-					-		
Cemeteries	2 408 800	1 271 113			3 679 913	(43 358)	(156 137)			(199 495)		
	2 408 800	1 271 113	-	-	3 679 913	(43 358)	(156 137)	-	-	(199 495)	-	-
Heritage Assets												
Historical Buildings					-					-		
Paintings & Artifacts					-					-		
	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	945 151 222	12 584 900	207 520	9 160 904	967 104 546	(440 844 915)	(27 136 519)	(114 814)	-	(468 096 248)	-	-

ULUNDI LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	945 151 222	12 584 900	207 520	9 160 904	967 104 546	(440 844 915)	(27 136 519)	(114 814)	-	(468 096 248)	-	-
Other Assets												
Office Equipment					-					-		
Furniture , Fittings, & office equipment	2 016 013	175 978	(1 913 547)		278 444	(1 939 658)	(44 976)	1 921 626		(63 008)		
Bins and Containers			-		-		-			-		
Machinery Equipment	3 650 272		(2 569 725)		1 080 547	(3 358 572)	(214 297)	2 557 847		(1 015 022)		
Transport Assets	4 542 945		(1 266 265)		3 276 680	(4 542 465)	(160)	1 266 265		(3 276 360)		
Fire engines					-					-		
Refuse tankers					-					-		
Computer Equipment	2 592 260	464 622	(2 216 855)		840 027	(2 241 756)	(134 290)	2 214 855		(161 191)		
Computer Software (part of computer equipment)					-					-		
Other Assets			(3 614 683)		(3 614 683)				3 523 974	3 523 974		
	12 801 490	640 600	(11 581 075)	-	1 861 015	(12 082 451)	(393 723)	7 960 593	3 523 974	(991 607)	-	-
Finance Lease Assets												
Office Equipment					-					-		
Other Assets					-					-		
	-	-	-	-	-	-	-	-	-	-	-	-
Total	957 952 712	13 225 500	(11 373 555)	9 160 904	968 965 561	(452 927 366)	(27 530 242)	7 845 779	3 523 974	(469 087 854)	-	-

Carrying Value
R
-
-
-
-
122 005 270
-
242 192 579
-
92 948 986
112 708
-
-
-
8 223 195
-
343 477 469
-
-
-
-
-
-
-
3 342 584
3 342 584
-
-
-
468 825 323

Carrying Value
R
468 825 323
-
329 381
-
91 098
320
-
-
453 603
-
(90 852)
<hr/> 783 550
-
-
<hr/> - <hr/>
<hr/>469 608 873

Carrying Value
R
-
-
-
-
118 505 411
-
275 091 427
-
92 535 717
112 708
-
-
-
9 282 618
-
377 022 470
-
-
-
-
-
-
-
3 480 418
3 480 418
-
-
-
499 008 299

Carrying Value
R
499 008 299
-
215 435
-
65 525
320
-
-
678 836
-
(90 708)
869 408
-
-
-
499 877 707

ULUNDI LOCAL MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	
Executive & Council										
Finance & Admin										
Planning & Development										
Health										
Community & Social Services										
Public Safety										
Sport & Recreation										
Environmental Protection										
Waste Management										
Road Transport										
Water										
Electricity										
Other										
Total	-	-	-	-	-	-	-	-	-	-

ULUNDI LOCAL MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2011

2010				2011		
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
11 030 509	36 774 670	(25 744 161)	Executive & Council	43 303 789	31 343 689	11 960 100
62 734 548	36 899 305	25 835 243	Finance & Admin	76 657 465	15 797 903	60 859 562
3 070 529	2 771 901	298 628	Planning & Development	1 014 777	4 287 661	(3 272 884)
		-	Health			-
56 848	5 189 500	(5 132 652)	Community & Social Services	37 975	6 709 614	(6 671 639)
1 642 681	9 105 053	(7 462 372)	Public Safety	2 316 108	11 291 985	(8 975 877)
467 164	4 356 053	(3 888 889)	Sport & Recreation	75 444	5 226 135	(5 150 691)
-	346 681	(346 681)	Environmental Protection	-	457 169	(457 169)
2 986 993	5 484 891	(2 497 898)	Waste Management	4 525 350	4 564 804	(39 454)
18 345 852	4 399 471	13 946 381	Road Transport	-	68 056 973	(68 056 973)
43 860	43 860	-	Housing			-
31 408 869	38 980 127	(7 571 258)	Electricity	35 248 527	49 506 044	(14 257 517)
	1 045 301	(1 045 301)	Other		6 103 328	(6 103 328)
131 787 853	145 396 813	(13 608 960)		163 179 435	203 345 305	(40 165 870)
			Less: Inter-Department Charges			
131 787 853	145 396 813	(13 608 960)	Total	163 179 435	203 345 305	(40 165 870)

Ulundi Municipality

APPENDIX E (1)

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011

	2011				Explanation of significant variances greater than 10 % versus budget
	Actual R	Budget R	Variance R	Variance %	
REVENUE					
Property rates	18 543 920	20 850 000	(2 306 080)	-11%	
Rates penalties and collection charges	7 865 654	900 000	6 965 654	774%	
Service charges	38 270 543	60 214 500	(21 943 957)	-36%	
Rental of facilities and equipment	385 515	450 000	(64 485)	-14%	
Interest earned - external investments	413 739	800 000	(386 261)	-48%	
Fines	678 249	1 601 000	(922 751)	-58%	
Licences and permits	1 638 240	3 500 000	(1 861 760)	-53%	
Government grants and subsidies	91 143 172	79 341 000	11 802 172	15%	
Other income	3 730 761	50 000	3 680 761	7362%	
Gain on disposal of property, plant and equipment	509 642	3 000 000	(2 490 358)	-83%	
Total Revenue	163 179 435	170 706 500	(7 527 065)	-4%	
EXPENDITURE					
Employee related costs	50 597 768	51 154 465	(556 697)	-1%	
Remuneration of Councillors	9 080 984	10 188 020	(1 107 036)	-11%	
Bad Debts write off					
Provision for Bad debts			-		#DIV/0!
Depreciation	68 511 174	0	68 511 174		#DIV/0!
Repairs and maintenance	5 774 136	8 150 800	(2 376 664)	-29%	
Interest paid	37 903		37 903		
Bulk purchases	33 906 123	31 000 000	2 906 123	9%	
Contracted services	16 503 251	15 046 487	1 456 764	10%	
General expenses	18 933 967	22 147 387	(3 213 420)	-15%	
Total Expenditure	203 345 306	137 687 159	65 658 147	48%	
Surplus (Deficit) for the year	(40 165 871)	33 019 341	(73 185 212)		
Change in Accounting Estimate					
Profit / (loss) on fair value adjustment					
Adjusted Surplus for the period	(40 165 871)				

Ulundi Municipality

APPENDIX E (2)

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30

	2011			
	Additions R	Under Construction R	Total Additions R	Budgeted Additions R
Buildings			-	
Infrastructure				
Roads			-	
Electrical Infrastructures			-	
Cemeteries			-	
	-	-	-	-
Community Assets				
Recreational facilities				
Tourism Hub	-	-	-	
Production Centre	-	-	-	
	-	-	-	-
Other Assets				
Office & Computer Equipment		-	-	
Air conditioners		-	-	
Furniture and fittings		-	-	
Machinery and equipment		-	-	
Vehicles		-	-	
	-	-	-	-
Total	-	-	-	-

9 JUNE 2011

[illegible]

APPENDIX F
ULUNDI MUNICIPALITY: DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, ACT 56 OF 2003
FOR THE YEAR ENDED 30 JUNE 2011

Description	Unspent balance at 1 July 2010	Adjustment 2010/2011	Received 2010/2011	Expenditure 2010/2011	Transfer 2010/2011	Unspent balance at 30 June 2011	Grants delayed/ withheld	Reason for delaying/ withholdin g funds	Compliance with grant conditions
	R	R	R	R	R	R	R		
NER Electricity	0					0	N/A		YES
Indigent Support	0					0	N/A		YES
Management Assistance Program	400 000			350 000		50 000	N/A		YES
Skills Development	293 453		124 488	228 888		189 053	N/A		YES
Finance Management	0		1 200 000	1 200 000		0	N/A		YES
Development Planning	191 559					191 559	N/A		YES
Tourism	164 666		185 000	195 157		154 509	N/A		YES
Sector plan	245 588			63 851		181 737	N/A		YES
LUMS	72 117					72 117	N/A		YES
Housing plan	36 172					36 172	N/A		YES
Anti corruption	8 474					8 474	N/A		YES
Library equipment	5 461					5 461	N/A		YES
MFMA implementation	104 513					104 513	N/A		YES
Dev inform. System (GIS)	15 934					15 934	N/A		YES
Inter dept. monitoring	63 780					63 780	N/A		YES
MSIG	0		750 000	552 320		197 680	N/A		YES
Strategic planning	4 362					4 362	N/A		YES
Community development workers	0					0	N/A		YES
MDIS support	125 000					125 000	N/A		YES
Performance Management	42 864					42 864	N/A		YES
MDPCB	80 000					80 000	N/A		YES
Capacity building	234 500					234 500	N/A		YES
Valuation roll	0					0	N/A		YES
Human resources policies	29 698					29 698	N/A		YES
Govt. structures and human resources	0					0	N/A		YES
MIG	-3	6 332 543	18 300 000	24 632 540		0	N/A		YES
Investment Plan	200 000					200 000	N/A		YES
Unit M	560 000					560 000	N/A		YES
REDS	150 000					150 000	N/A		YES
H V Cable Tester	460					460	N/A		YES
Basic bookkeeping training	1 212					1 212	N/A		YES
Parallel feeders	-492					-492	N/A		YES
Sportsfields	77 836			800		77 036	N/A		YES
ZDM corridor development	3 000 000			2 364 035		635 965	N/A		YES
Electricity supply to households	287 975		2 490 000	2 376 549		401 427	N/A		YES
Implementation of municipal governance	26 384					26 384	N/A		YES
Taxi Rank	3 000 000		4 000 000	6 049 920		950 080			YES
Arts and Culture			382 051			382 051			YES
Housing - Ekushumayeleni			44 500			44 500			
	9 421 514	6 332 543	27 476 039	38 014 060	0	5 216 036			